

Des Moines Rotary and two-thirds of the 200 people there had lost money in Enron either directly or through their mutual funds.

The personal toll has been enormous! There has even been a suicide by one of Enron's former executives who left the company with millions but could not deal with the collapse of the company.

The bankruptcy of Enron is the country's largest business failure. Its demise is rippling across our economy at a time when investor confidence was already shaky. What makes the Enron scandal so serious is that it is not an isolated case of corporate greed and fraud. Global Crossing and Elan also gave the money to someone else, took some of it back and counted the income as revenue without counting the outgo as expense. Amazon also resorted to "pro forma" accounting when it didn't like GAAP. Shares in Tyco International dropped 50 percent on questions about its accounting.

My congressional committee, the Energy and Commerce Committee, is holding hearings into how this "Enron implosion" happened and how can we avoid future collapses. The committee exposed the shredding of documents by both Enron managers and Arthur Andersen accountants. We have discovered the "smoking gun" memo in which Enron vice-president, Sherry Watkins, warned Enron President Ken Lay of sham transactions with partnerships controlled by its own employees that were designed to accomplish favorable financial statements results in order to conceal large losses resulting from Enron's merchant investments. She warned Mr. Lay of "impending implosion."

Mr. Lay, and others, sold millions of dollars of Enron stock even though insiders are prohibited from selling if they have material non-public information. Ken Lay and Chief Financial Officer Andrew Fastow have now taken "the fifth" before Congress and Enron CEO Jeffrey Skilling very well may have committed perjury before my committee. Arthur Andersen accounting company is in deep financial trouble, too. Its Enron accountant's actions are under investigation, as well as activities at Andersen headquarters. The Justice Department is investigating whether crimes were committed and these people may go to jail.

But that is small consolation to people who have lost their life savings. They want to know who is to blame for corporate America's largest bankruptcy?

My committee is holding wide-ranging hearings. There is much blame to go around: executives with no ethics, conflicts of interest on Enron's board, auditors who don't ask tough questions, investment banks that kept high-risk leverage off the books, stock analysts without the vaguest understanding of Enron's schemes, the failure of the Securities Exchange Commission (SEC) and Financial Accounting Standards Board (FASB) on rules for subsidiaries.

Maybe even Congress shares blame for failing to support stricter rules. A couple years ago, then-SEC Chairman Arthur Levitt pushed for stronger rules to separate accounting from consulting by the same firms. I am thankful now that I supported his efforts.

The public outrage over this economic tragedy is real and that is why I am hopeful Congress will act. Congress is considering the multifaceted nature of this problem.

The 1929 stock market crash prompted legislation to force publicly traded companies to

submit regular reports that met certain standards. Former Treasury Secretary Larry Summers has said that no innovation has been more important to the success of U.S. capital markets than "generally accepted accounting principles (GAAP)." The transparency and accuracy of corporate reports inspired investor confidence.

Unfortunately, with compensation more closely tied to stock prices the incentives for corporate managers to distort the information they provide investors has grown.

It seems to me that accounting firms must raise their standards and adopt new rules requiring that subsidiaries be included in a company's financial statements, that those standards should be enforceable by FASB, and that the funding of this regulatory board be independent from the accounting firms it oversees.

Investors rely on stock analysts. Do the analysts, or their firms, have a personal stake in seeing a stock do well? The National Association of Securities Dealers and the SEC should require Wall Street analysts to disclose whether they own stock they recommend and whether their pay is based on the investment banking work their firms provide.

For several years I have recommended increased funding for the SEC.

Corporate executives should disclose more quickly when they buy and sell their company's stock. Boards should be strengthened and limits should be put on stock options for board members.

Congress should consider reasonable limits on exposure to single stocks in employee pensions. I know several Iowa corporations that put limits on how much of their company's stock accounts for an employee's pension because they are concerned about their employees having all their investment eggs in one basket. Peoples' pensions should be vested in a reasonable time and diversified. Executives and employees should operate under the same rules on 410k "lock-outs" against selling stock.

These are just a few of the ideas being floated in Congress. I believe there is some urgency for Congress to act. This crisis needs to be resolved before investors lose faith in the integrity of the markets. We can already see investors skittish about a stock if there is even a hint of accounting shenanigans.

Last week Paul Volcker, Jr., the former Chairman of the Federal Reserve said, "Accounting and auditing in this country is in a state of crisis." To the millions of Americans who are depending on their investments for their retirement or their children's college education, Mr. Volcker's statement isn't hyperbole!

The SPEAKER pro tempore (Mr. CANTOR). Under a previous order of the House, the gentleman from California (Mr. GEORGE MILLER) is recognized for 5 minutes.

(Mr. GEORGE MILLER of California addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

LITHUANIAN INDEPENDENCE DAY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. SHIMKUS) is recognized for 5 minutes.

Mr. SHIMKUS. Mr. Speaker, as an American of Lithuanian descent, I always come down to the floor around this time of year to commemorate Lithuanian Independence Day.

The 16th of February is the most important national holiday for Lithuanians. Eighty-four years ago Lithuania declared their independence from Germany. At this time its government held two main principles, restore statehood and the right to national self-determination.

Even after 50 plus years of Soviet occupation, these principles still hold true for Lithuania today. As soon as they established their independence in 1991, they have been working towards their goal towards NATO, the North Atlantic Treaty Organization.

I am pleased that Lithuania has shown as much tenacity and discipline in its membership action plan program as it did towards achieving freedom. All indications show it will be a significant contributor towards the Alliance.

Since 1994, over 1,000 Lithuanian troops have served in NATO-led missions in the Balkans. Lithuania has expressed strong political and diplomatic support for the U.S. antiterrorist campaign, and it is ready to contribute its military and medical unit as part of the Czech hospital to the operation in Afghanistan and a military security unit within the Danish contingent to Kyrgyzstan as its practical contribution to the "Enduring Peace" operation.

Moreover, Lithuania's current experience and positive relations with its neighbor, Russia, are poised to only get better once Lithuania receives an invitation to join NATO.

I congratulate the people of Lithuania on their Independence Day for their hard work and perseverance, and I extend these greetings to all Americans of Lithuanian descent.

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. DAVIS) is recognized for 5 minutes.

(Mr. DAVIS of Illinois addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

AMERICAN HEART MONTH

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Florida (Mr. FOLEY) is recognized for 5 minutes.

Mr. FOLEY. Mr. Speaker, I know how proud the residents of the Old Dominion, Richmond, Virginia, are to see you in this chair leading this great Congress today. I also want to wish a happy Valentine's Day to all of the employees of our Capitol complex and their families.

As we continue to work on issues that are important to America, I wanted to talk about, since today is Valentine's Day, some issues we are identifying by the Congressional Heart and